

VEDP 2.0: PREPARING THE COMMONWEALTH FOR SHARED GROWTH

Richmond

January 21, 2020

VEDP

Virginia
Economic
Development
Partnership
VEDP.org

AGENDA

Budget and Legislative Initiatives

Virginia Business Ready Sites Program

Virginia Jobs Investment Program





Virginia Talent Accelerator Program

International Trade Plan

MEI Approved and Announced Projects

Virginia State Capitol

VEDP OPERATIONAL BUDGET INITIATIVES (HB/SB 29 AND HB/SB 30)

Initiative	Impact comment	Proposed Additional Funding (\$ Million)		
		FY20	FY21	FY22
Expansion of Virginia Business-Ready Sites Program 	This initiative addresses one of the most common reasons Virginia loses projects (often no. 1). The program is structured to build a portfolio of project-ready sites in every region of the Commonwealth, specifically to fill the lack of industrial sites over 100 contiguous acres.	10.0	2.0	3.0
Expansion of the Virginia Talent Accelerator Program 	Expansion of program enables projects to be completed in every region of Virginia. Program will be ranked in the top 3-5 states in the country within 3 years. VA will secure projects with 1,500-2,500 additional rural/small metro jobs/year by 2021.	0.0	0.0	4.7
Majority restoration of the Virginia Jobs Investment Program 	The VJIP program is Virginia's most commonly used economic development incentive program, providing grant funding for workforce training needs for new and expansion projects in Virginia.	0.0	2.0	2.0
Trade development initiatives in new VA International Trade Plan 	Proposal envisions a four-year implementation (FY21-FY24) of the VEDP trade development services initiatives included in the Governor's international trade plan. Virginia will increase export activity (\$200MM or more annually), diversify our economy, and modestly increase well-compensated jobs.	0.0	2.1	4.2

GOVERNOR'S ECONOMIC DEVELOPMENT BILLS AND VEDP BILLS

Bill Number	Patron	Bill Title
HB1498/SB610	Sickles/Hanger	Pharmaceutical Manufacturing Grant Program and Fund (Merck)
HB1361/SB611	Rush/Hanger	Truck Manufacturing Grant Fund (Volvo)
HBxx/SB1014	Rush/Ruff	Advanced Production Grant Program (Morgan Olson)
HB935	Willett	Economic development programs; reporting requirements.

AGENDA

Budget and Legislative Initiatives

Virginia Business Ready Sites Program

Virginia Jobs Investment Program

Virginia Talent Accelerator Program

International Trade Plan

MEI Approved and Announced Projects

Alexandria

TO REACH THE TOP 10 IN JOB GROWTH, VIRGINIA NEEDS MORE PROJECT-READY SITES AND A ROBUST PIPELINE OF SITES

540-770K

Job growth over next 10 years to reach goal of Top 10 fastest growing states

260-460K

Incremental job growth (i.e., above current baseline forecasts) required to reach goal

38-66K

Manufacturing and distribution/logistics sectors expected share of incremental job growth targets

~160-200

Additional project-ready sites (above those available for baseline growth) likely needed to support incremental job growth targets

BROAD PUBLIC PARTNERSHIP LEVERAGED PRIVATE SECTOR EXPERTS TO BUILD DEEP INSIGHT INTO OUR STATEWIDE SITES PORTFOLIO

Public sector partners

VEDP partnered with GO Virginia and regional and local economic development partners to identify solutions to develop a geographically-balanced portfolio of project-ready sites



103 localities

16 Regional economic development organizations

Private sector experts

Site engineers

- Compiled, reviewed, and assessed physical potential of each site
- Estimated cost to reach project-ready status



Site selection consultant

- Assessed location competitiveness relative to VA & Southeastern peers
- Assessed suitability of each site for eight sectors



WE LIKELY NOW HAVE THE MOST COMPREHENSIVE INSIGHT INTO STATEWIDE PORTFOLIO OF ANY STATE

We have comprehensive information on

466 sites

across

103 localities

evaluated for suitability for

8 sectors

Categories of information

Site developability

- Are there any physical (e.g., topographical, environmental) challenges to developability?
- What is the estimated cost to develop the site to project-ready status?

Location competitiveness

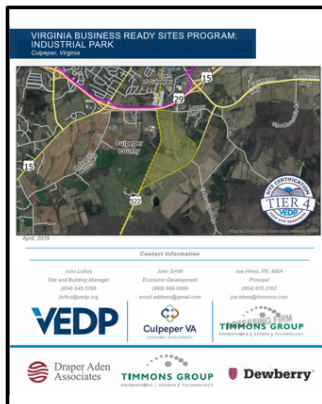
- How competitive is the location (or region) relative to regional, statewide, or Southeastern peer locations?

Sector suitability

- Incorporating minimum size and workforce thresholds, how suitable (or competitive) is each site within specific sectors?

FINAL DELIVERABLES INCLUDE FOUR DISTINCT PIECES OF INFORMATION FOR EACH OF THE 466 SITES

Individual site characterization reports » Informs site developability details



Wallops Research Park Accomack				
Category	Raw Score	Details	Weight (%)	Points
1 Percent Developable Acreage	75%	(140 ac / 185 Available Acres)	10	7.5
2 Transportation Access			15	10
2.1 - Distance to Four Lane Highway / Interstate	6	- 3.4 mi / U.S. Highway 13	5	3
2.2 - Access to the site (VDOT Functional Classification)	6	- Major or Minor Collector	5	3
2.3 - Industrial Access Quality / Expected Improvements	8	- Only EIR: Improv. Req'd	5	4
3 Electrical Capacity / Availability			10	7
3.1 - Power Availability	10	- Bridging & Long-Term Power Available	7	7
3.2 - Power Capacity		- Requires Additional Study	3	0
4 Wet Utility Capacity	6	- On-Site / Adjacent w/ Minor System Upgrades Anticipated	10	6
5 Natural Gas Availability	-	- Not Provided -	5	0
6 Fiber / Telecom Availability	10	- One Fiber Provider Servicing Today	5	5
7 Environmental, Geographic and Geological			15	14
7.1 - Wetlands / Streams (Waters of the US)	8	- <10% Wetlands Coverage (Dev. Area)	5	4
7.2 - Geology	10	- No Kant or Bedrock Concerns	5	5
7.3 - Floodplains	10	- Zone X (No Floodplain Study / Impacts Anticipated)	5	5
8 Topography	8	- 10-20% of Dev. Area Contains Challenging Slope	10	8
9 Site Build-out Potential / Yield	4,471 SF / AC		10	4
10 Additional Considerations	8	- Slightly Enhanced Potential	10	8
Total Points	This site			70.0
	Statewide	Minimum: 16.6 Median: 72.6 Maximum: 96.4		
	Statewide	Minimum: 46.3 Median: 75.4 Maximum: 96.4		
Notes: Located adjacent to NASA Wallops facility with access via railway to the NASA Runway. Power provider did not submit requested information for this study, therefore the electrical score could change if this is supplied at a later date.				
Study ID: 001-241061				

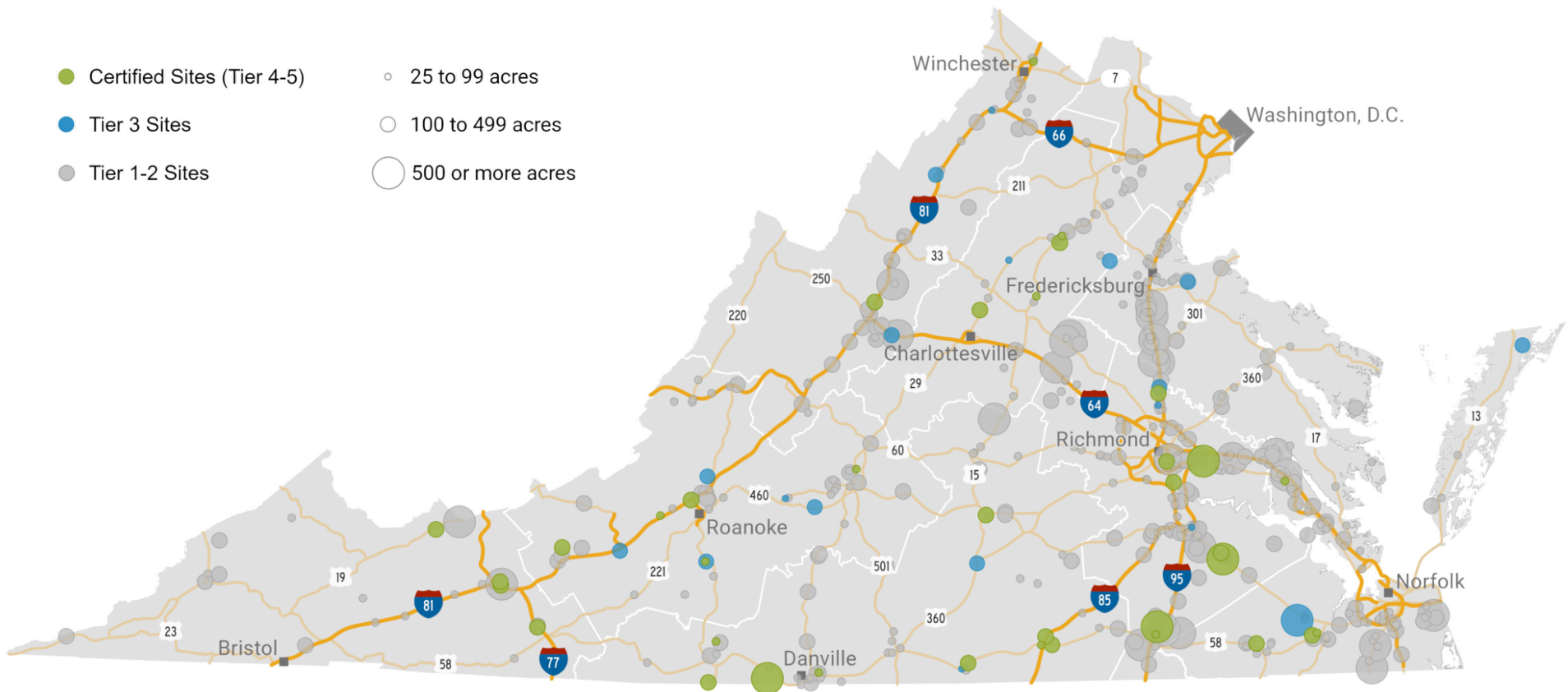
Location competitiveness data

Details					
Advanced Manufacturing (Small)					
Category		Units	Weight	Data	KPMG Score
Talent Availability	Total Laborforce	# of People	3.0%	215521	40
	Targeted Workforce Percentage	% of Workforce	6.0%	8.1%	20
	Targeted Workforce Size	# of Workers	4.0%	15920	50
	5-Year Projected Workforce Growth	% of Workforce	2.0%	1.5%	40
	Enrollment Graduate School	# of Students	2.0%	6814	40
	Enrollment Undergraduate	# of Students	2.0%	27691	40
	Enrollment Grade 9-12	# of Students	1.0%	20034	40

» Informs sector suitability

At-a-glance		
Property ID	199-233923	
Site Name	York River Commerce Park	
	Suitability score	Score (0-100)
Mega Projects	Not Considered	-
Super Projects	Not Considered	-
Advanced Manufacturing (Large)	Not Considered	-
Advanced Manufacturing (Small)	Highly Suitable	52
Light Manufacturing (Large)	Not Considered	-
Light Manufacturing (Small)	Suitable	55
Distribution, Logistics (Large)	Highly Suitable	65
Distribution, Logistics (Small)	Suitable	67
*Minimum, Median, and Maximum of subset of sites considered for each sector by KPMG analysis		

CHARACTERIZATION RESULTS: NEARLY 90% OF SITES ARE TIER 1 OR 2, AND ONLY 36 ARE PROJECT-READY¹



¹Count includes four project-ready parcels or subsets of sites where the entire site is not project-ready
Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis

DEARTH OF PROJECT-READY SITES EXISTS ACROSS REGIONS

GO Virginia (#)	Tier 0-2	Tier 3	Tier 4-5	Total ¹
Southwest Virginia (1)	19 (90%)	-	2 (10%)	21 (100%)
Roanoke/New River/ Lynchburg (2)	36 (80%)	5 (11%)	4 (9%)	45 (100%)
Southside Virginia (3)	41 (80%)	2 (4%)	8 (16%)	51 (100%)
Greater Richmond (4)	116 (91%)	3 (2%)	8 (6%)	127 (100%)
Hampton Roads (5)	67 (93%)	2 (3%)	3 (4%)	72 (100%)
Greater Fredericksburg (6)	61 (98%)	1 (2%)	-	62 (100%)
Northern Virginia (7)	7 (100%)	-	-	7 (100%)
Shenandoah Valley (8)	40 (89%)	3 (7%)	2 (4%)	45 (100%)
Greater Charlottesville (9)	31 (86%)	2 (6%)	3 (8%)	36 (100%)
Total	418 (90%)	18 (4%)	30 (6%)	466 (100%)

1. Counts are based on analysis of full sites or business parks. In addition, there are four previously-characterized project-ready parcels of sites which are not project ready, and two previously-characterized project-ready sites that were below the 25 acre threshold for the Initiative.

FUNDING ALLOCATION PRINCIPLES

General principle

Every region participates equitably

Each region will be able to prioritize its own sites strategically

Funding will flow to top sites

All state funds will be matched by localities

Statewide portfolio objectives will be considered

How this could work (not a final proposal)

Every region will be allocated a certain amount of funding based on two factors: a baseline amount and an additional amount based on percent of state industrial employment in each region

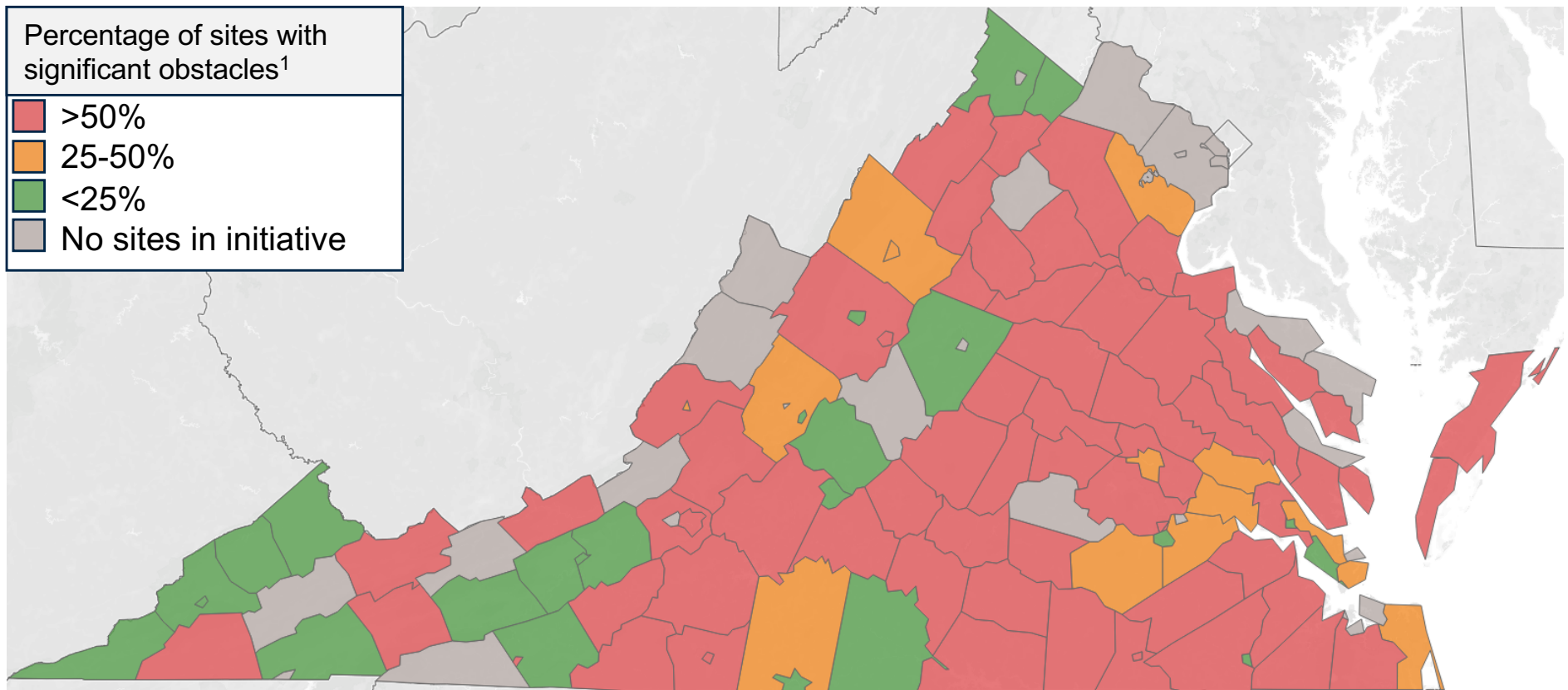
Each region will review sites and allocate points (e.g., 0-100 points) to the site(s) based on their priorities

A funding pool will be established that will fund sites based on a queuing system in which sites are prioritized based on various considerations (e.g., developability, location competitiveness [KPMG score], and regional prioritization)

The Commonwealth will only fund sites that meet a minimum criteria (e.g., size, developability, competitiveness) and receive a requisite local match, which can vary based on each region's economic context

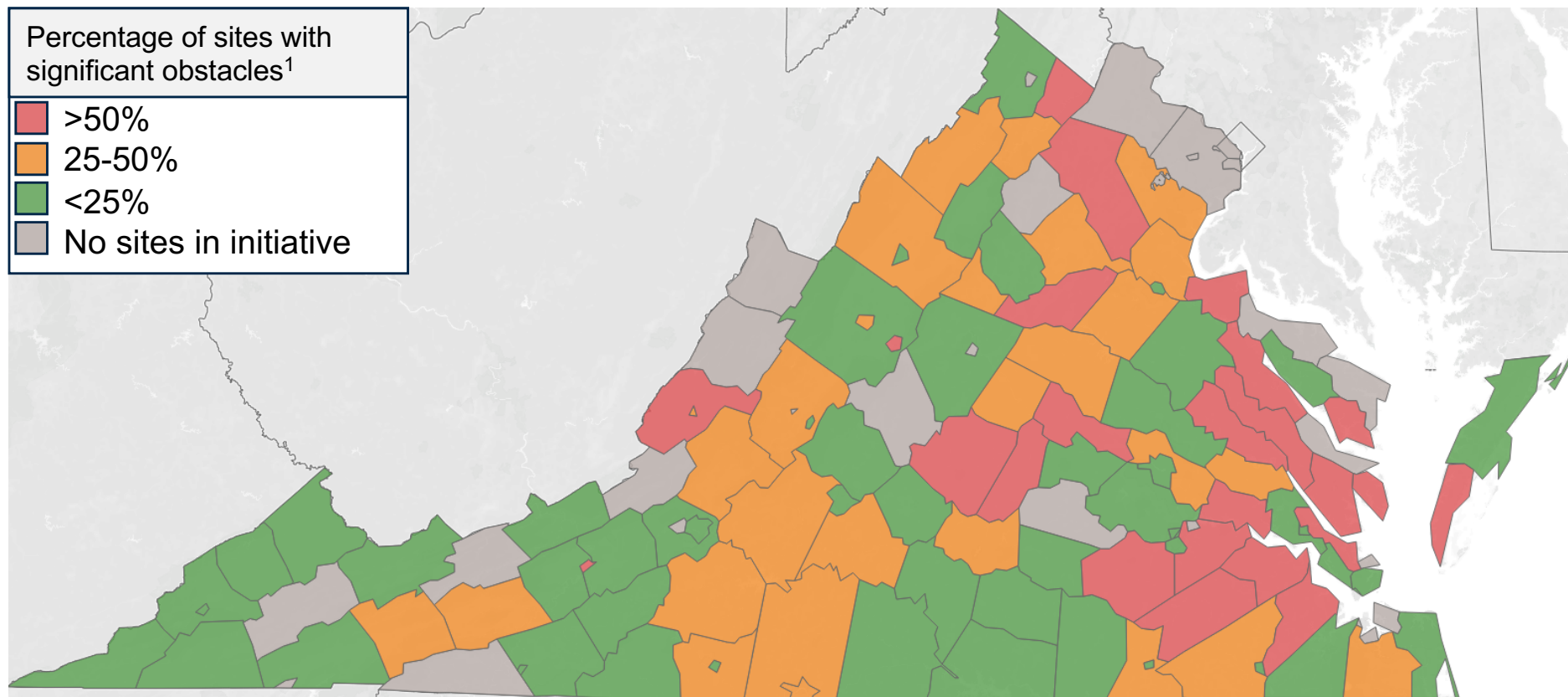
A share of annual funds will be awarded to the best sites meeting a set of particular objectives via a competitive application process

LACK OF NATURAL GAS CONNECTIVITY IS A CONSTRAINT ON SITE DEVELOPMENT THROUGHOUT MOST OF THE COMMONWEALTH



¹Sites requiring more than 24 months to provide natural gas to a medium industrial user
Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis

WATER/SEWER CONNECTIVITY POSES CHALLENGES TO SITE DEVELOPMENT IN MANY REGIONS



¹Sites requiring a main extension of greater than 2500' or major systems upgrades
Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis

AGENDA

Budget and Legislative Initiatives

Virginia Business Ready Sites

Virginia Jobs Investment Program

Virginia Talent Accelerator Program

International Trade Plan

MEI Approved and Announced Projects

A woman with dark hair tied back, wearing safety glasses and black gloves with yellow accents, is smiling as she works in a factory. She is standing behind a wooden table covered with numerous glass containers filled with red wax. In the background, there are yellow metal railings and industrial equipment. The scene is brightly lit, suggesting a clean and professional manufacturing environment.

KORONA Candles Inc.,
Pulaski County

THE TALENT SOLUTIONS DIVISION SUPPORTS THE TALENT NEEDS OF BUSINESSES IN COLLABORATION WITH WORKFORCE PARTNERS



Virginia Jobs Investment Program (VJIP):

Reduces a company's talent development costs by providing grants to offset recruitment and training expenses for new or expanding facilities



Virginia Talent Accelerator Program:

Accelerates new facility start-ups through direct training and recruitment services that are fully customized to a company's unique products, processes, equipment and culture

THE VIRGINIA JOBS INVESTMENT PROGRAM (VJIP) REMAINS ONE OF THE COMMONWEALTH'S MOST POPULAR INCENTIVES

- One of Virginia's oldest and most frequently utilized incentives
- Performance based cash grant for new job creation, paid over a 36 month performance period
- Grant typically covers 10% to 40% of company's costs
- Programs for both small and large companies
- In FY19:
 - Expended \$4.5 MM toward the creation or retraining of nearly 8,000 jobs
 - 320+ client projects representing potential of 47,000 new jobs and \$4.2B in investment
 - Projects in 75 localities



AvePoint, Richmond

VJIP IMPACT BY REGION (FY14-19)

Valley

Number of Projects: 141
 Projected Jobs Created or Retrained: 14,695
 Pledged Capital Investment: \$2.16B

Northern

Number of Projects: 123
 Projected Jobs Created or Retrained: 26,903
 Pledged Capital Investment: \$1.13B

Southwestern

Number of Projects: 64
 Projected Jobs Created or Retrained: 7,268
 Pledged Capital Investment: \$379M

Central

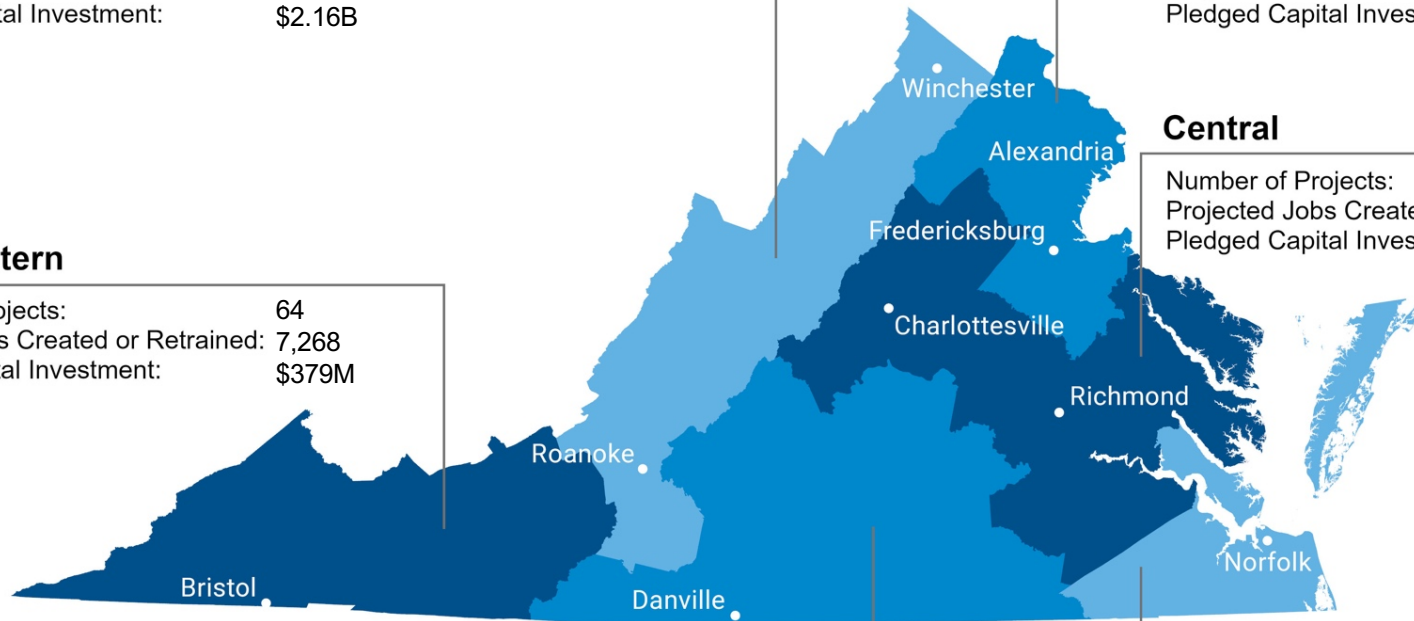
Number of Projects: 105
 Projected Jobs Created or Retrained: 15,569
 Pledged Capital Investment: \$1.44B

Southern

Number of Projects: 49
 Projected Jobs Created or Retrained: 3,923
 Pledged Capital Investment: \$386M

Hampton Roads

Number of Projects: 63
 Projected Jobs Created or Retrained: 15,881
 Pledged Capital Investment: \$1.11B



Note: The VJIP Retraining Program was suspended for new projects in FY19
 Source: VEDP Internal Data as of 01/09/2020

AGENDA

Budget and Legislative Initiatives


Virginia Business Ready Sites Program

Virginia Jobs Investment Program

Virginia Talent Accelerator Program

International Trade Plan

MEI Approved and Announced Projects

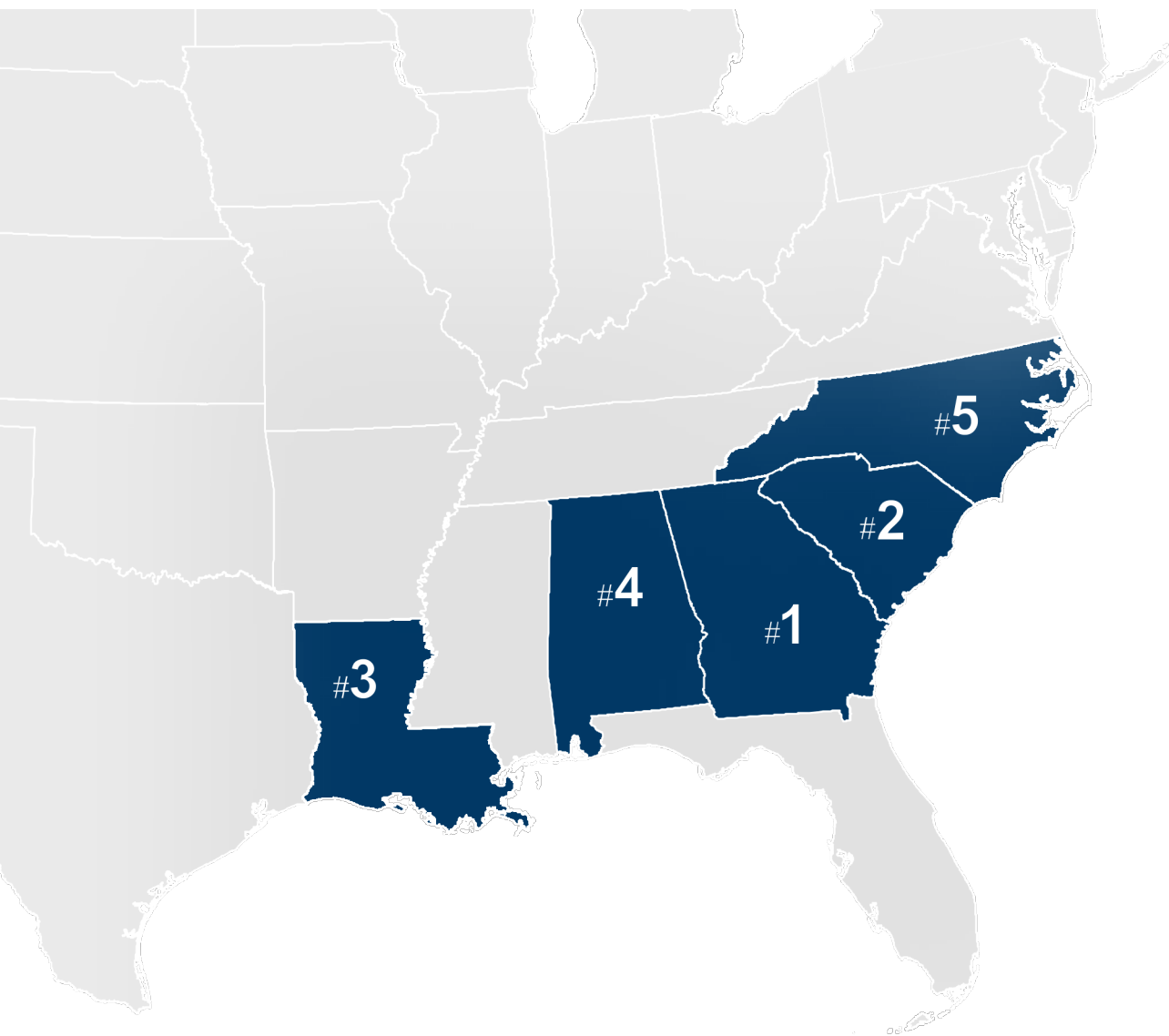
A woman with short brown hair, wearing safety glasses and a bright yellow safety shirt over a grey long-sleeved shirt, is working on the interior of a vehicle. She is using a red power drill to work on a component near the ceiling. The background shows the interior of a vehicle with various mechanical parts and wiring.

Volvo Trucks North America,
Pulaski County

AMERICA'S TOP-RANKED STATES FOR WORKFORCE DEVELOPMENT PROGRAMS OFFER CUSTOMIZED, COMPREHENSIVE SOLUTIONS

Area Development: Leading Workforce Development Programs (2019)

- 1 GEORGIA
- 2 SOUTH CAROLINA
- 3 LOUISIANA
- 4 ALABAMA
- 5 NORTH CAROLINA



THE VIRGINIA TALENT ACCELERATOR PROGRAM HAS LAUNCHED WITH A GOAL TO BECOME THE BEST IN AMERICA WITHIN FIVE YEARS

- Comprehensive, customized talent recruitment and training solutions for competitive economic development projects
- Available to eligible new and expanding firms (likely 35-40% new, 60-65% expansions)
- Delivered in collaboration with VCCS and other higher ed institutions, leveraging their facilities and faculty where appropriate
- No cost for eligible firms (i.e., job creation incentive)
- We will accelerate startups and expansion by delivering robust talent recruitment services and shortening the new-hire learning curve
- Goal: rank top 3-5 in the U.S. within three years and no. 1 within five years



WE ARE DELIVERING CUSTOM TALENT RECRUITMENT AND TRAINING SOLUTIONS WITH A COLLABORATIVE AND AGILE PROCESS

1

NEEDS ANALYSIS

2

SCOPE OF WORK
CREATION

3

COLLABORATIVE DESIGN
AND DEVELOPMENT

4

FLEXIBLE SERVICE
DELIVERY

OUR MANAGEMENT TEAM HAS EXTENSIVE EXPERIENCE SUPPORTING LEADING FIRMS ON FACILITY STARTUPS AND EXPANSIONS



AGENDA

Budget and Legislative Initiatives

Virginia Business Ready Sites

Virginia Jobs Investment Program

Virginia Talent Accelerator Program

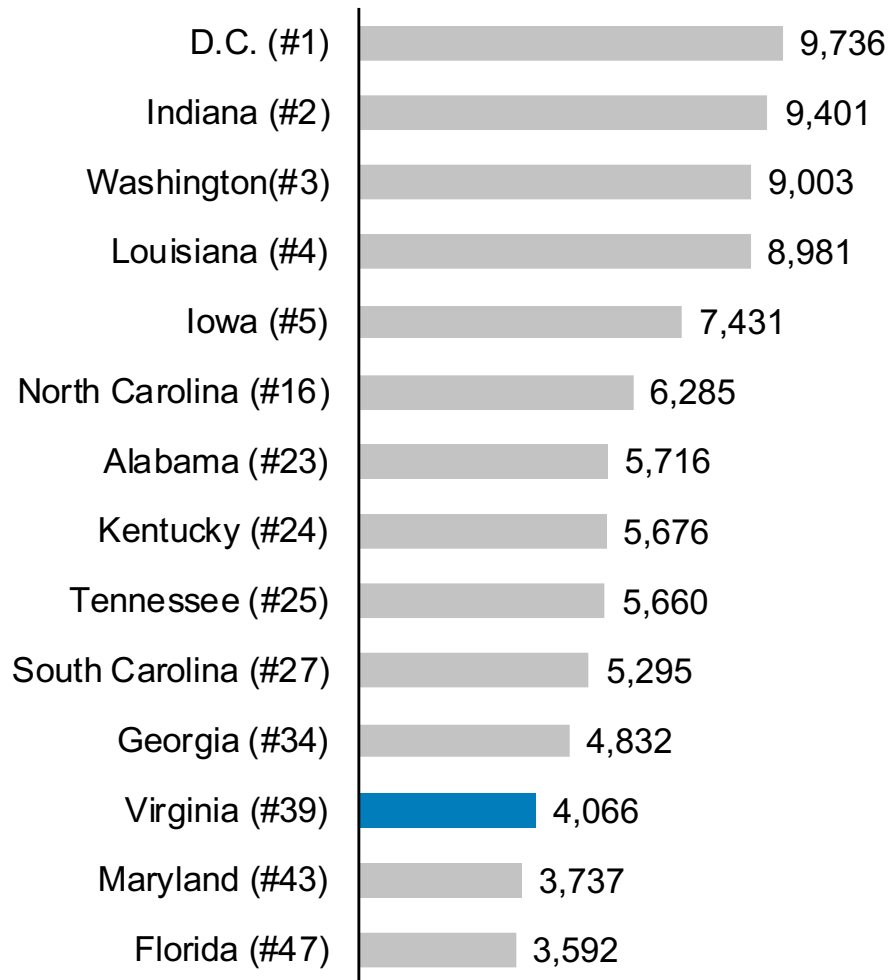
International Trade Plan

MEI Approved and Announced Projects

VIRGINIA TRAILS ITS PEERS IN EXPORTS PER CAPITA

Exports per capita

Top 5 states & selecting neighboring states, \$ (2016)



Caveats

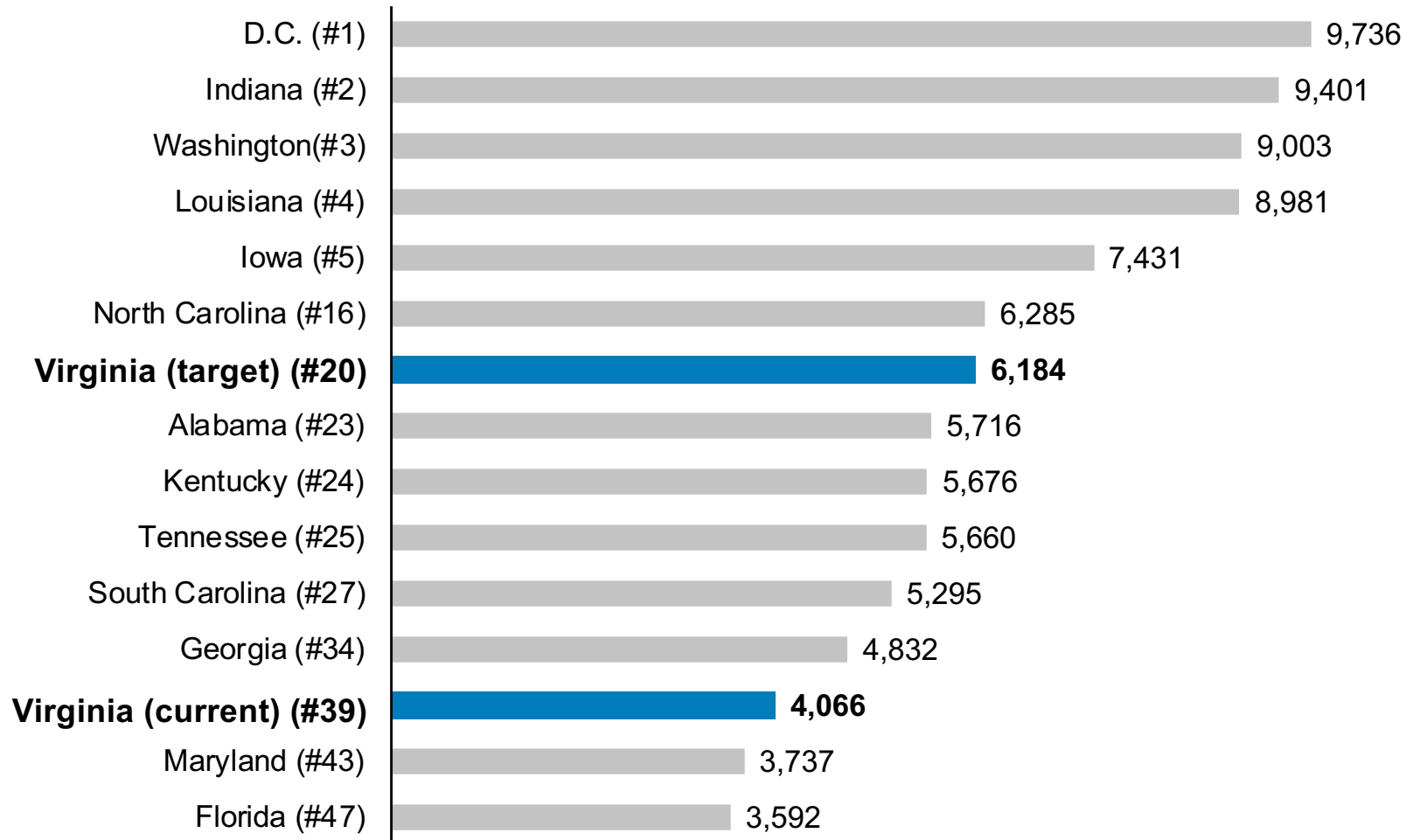
Two key constraints currently limit Virginia's export potential:

- Over-reliance on the federal government, which accounts for ~30% of GSP (5th in U.S., excluding D.C.)

Under-reliance on manufacturing, which accounts for only 6% of VA private sector jobs (37th in the U.S.)

VIRGINIA LEAPS AHEAD OF ITS NEIGHBORS IF WE ACHIEVE 20TH IN EXPORTS PER CAPITA IN THE NEXT TEN YEARS

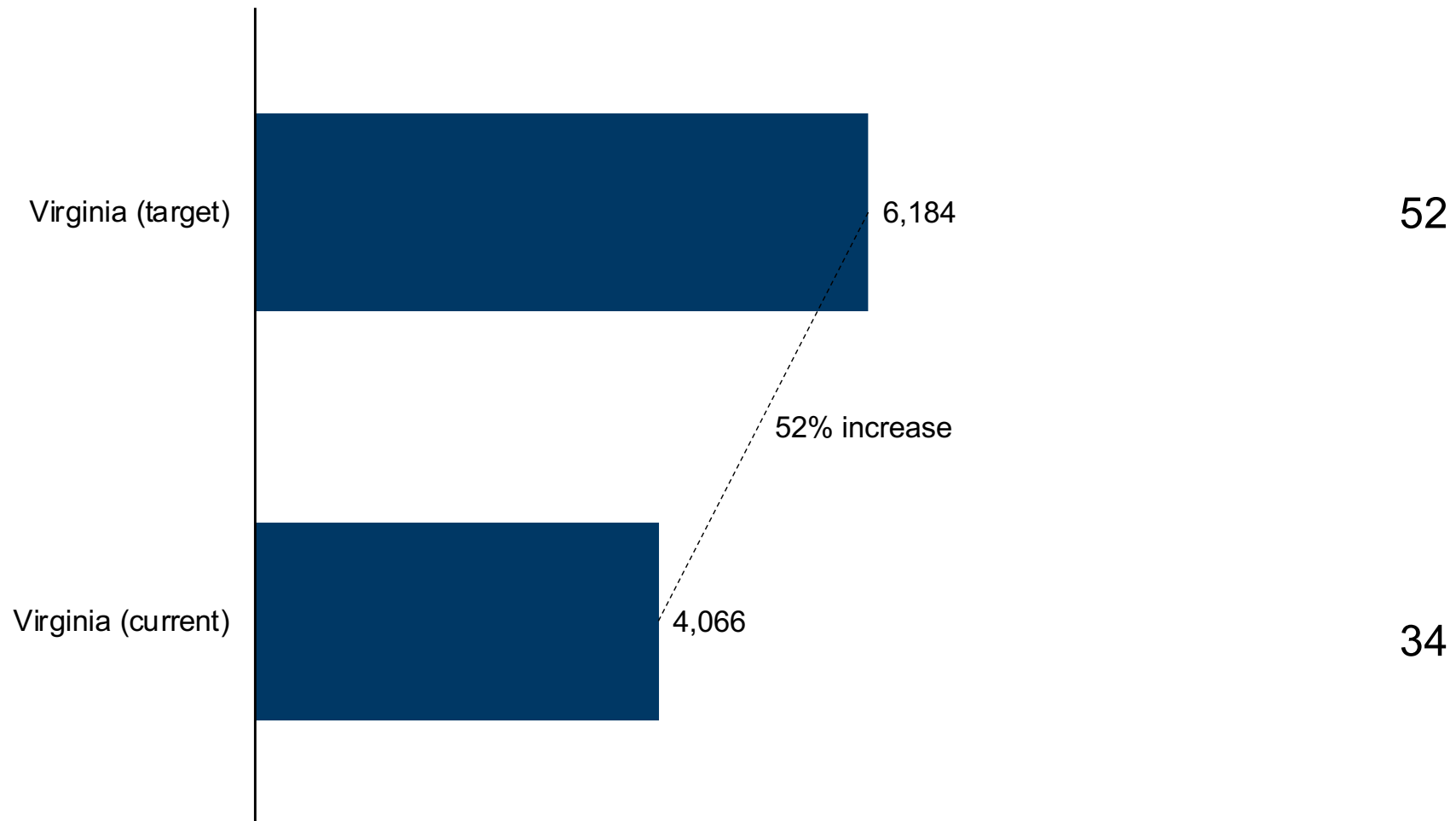
Exports per capita, top 5 states & selecting neighboring states
Percent change in exports per capita, \$ (2016)



ACHIEVING 20TH IN EXPORTS PER CAPITA REQUIRES AN INCREASE OF \$18B IN EXPORTS ANNUALLY, ALL ELSE REMAINING EQUAL

Experts per capita, top 5 states and select neighboring states
Growth rate, \$ (2016)

Overall exports
B, \$ (2016)



NOTE: Calculations are based on current figures and assume all other variables (e.g., other states' exports, populations) stay constant

Source: Exports data from The Brookings Institution; Population data from Moody's Economy.com

RECOMMENDATIONS WERE GENERATED FOR EXPORTS, IMPORTS, AND ENABLERS THAT SUPPORT BOTH TRADE ACTIVITIES

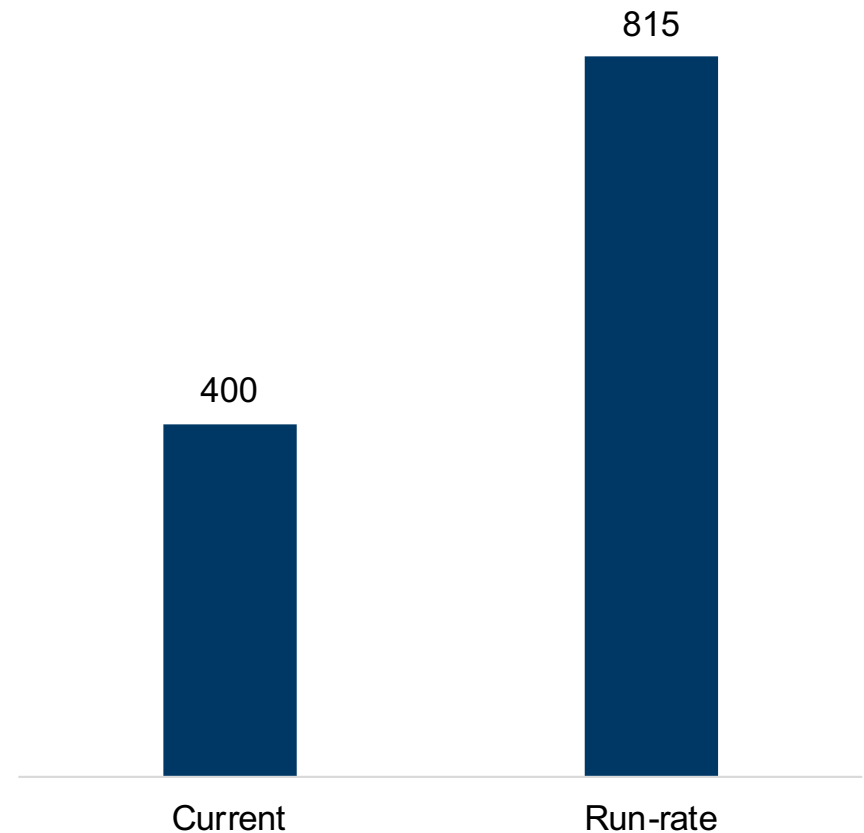
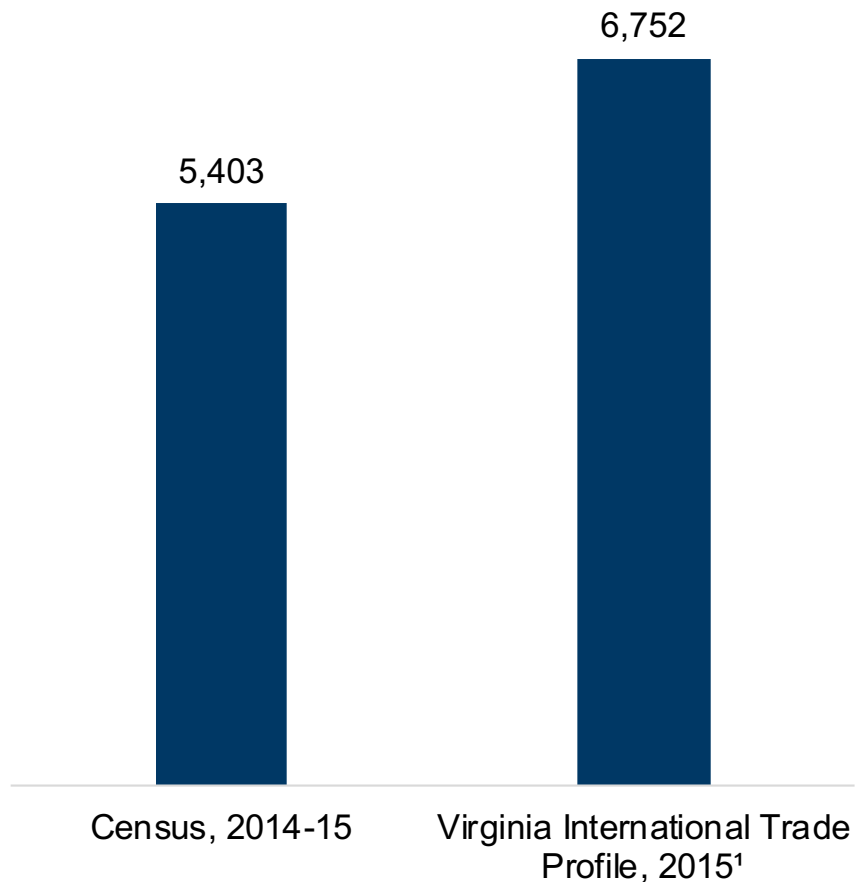
Exports	Capabilities building	Expand capacity to serve existing Virginia businesses across all stages of growth
	Connections making	Expand programs focused on facilitating connections between VA businesses and foreign buyers
	Risk sharing	Develop programs to offset risks involved in closing foreign transactions with first-time international partners
	Resource finding (for VEDP Intl Trade)	Enhance the ability to capture available federal grants and manage federal grant programs
Imports ("Supply Chain")	Capabilities building	Expand capacity to serve existing Virginia businesses across all stages of growth
	Connections making	Curate directories of professional services providers, training opportunities, and imports-focused networking events
Enablers	<ul style="list-style-type: none"> ▪ Advocate for infrastructure investments and related policies ▪ Invest in tourism strategies ▪ Enhance state capabilities and collaboration to serve VA businesses ▪ Advocate for supportive policies from federal and state leaders 	

EXPANDING VA'S TRADE PROMOTION SERVICES COULD DOUBLE THE FIRMS SERVED ANNUALLY FROM ~5% OF EXPORTERS TO 10%

Potential market: ~5-8K exporters in Virginia
Estimated number of exporter firms in VA

Potential impact: Serve >10% of the market annually
Number of firms served annually by VEDP & VDACS

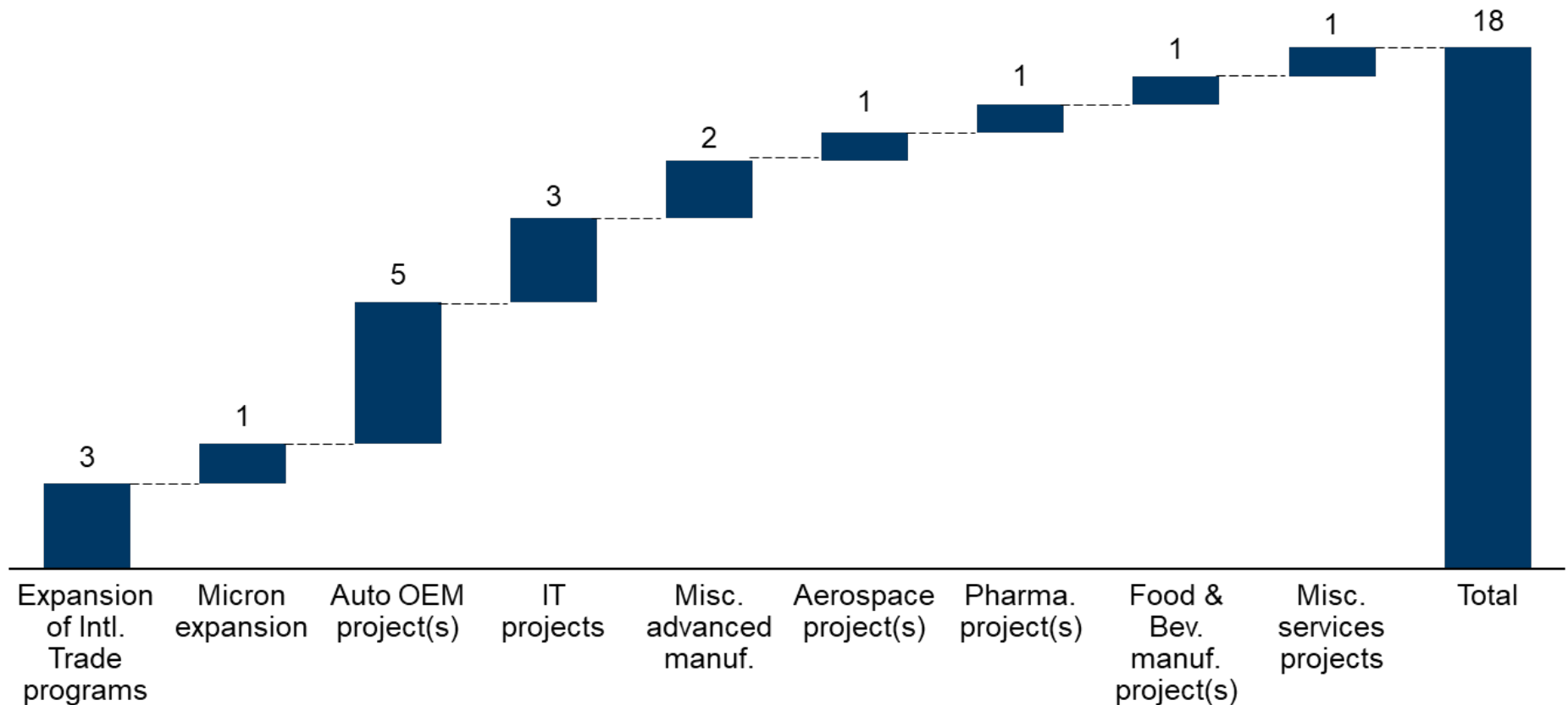
Share of VA exporters	~5%	~10%
-----------------------	-----	------



¹Report focused on mid-sized traded sector establishments

A FEW TARGETED PROJECT WINS COULD PLACE VA ON A PATH TO \$18B PER YEAR IN ADD'L EXPORTS OVER THE NEXT 15 YEARS

Potential ongoing impact on total exports from expected project wins
Next 15 years, annual, B (\$)



AGENDA

Virginia Business Ready Sites Program

Virginia Business Ready Sites

Virginia Jobs Investment Program

Virginia Talent Accelerator Program

International Trade Plan

MEI Approved and Announced Projects

Volvo Trucks North America,
Pulaski County



Merck & Co., Inc., a publicly held global healthcare company known as MSD outside the United States and Canada, plans to expand its manufacturing operation in Rockingham County. The company will add 120,000 square feet to its existing 1.1 million-square-foot operation in Elkton, Virginia to increase production of its Human Papillomavirus (HPV) vaccines.

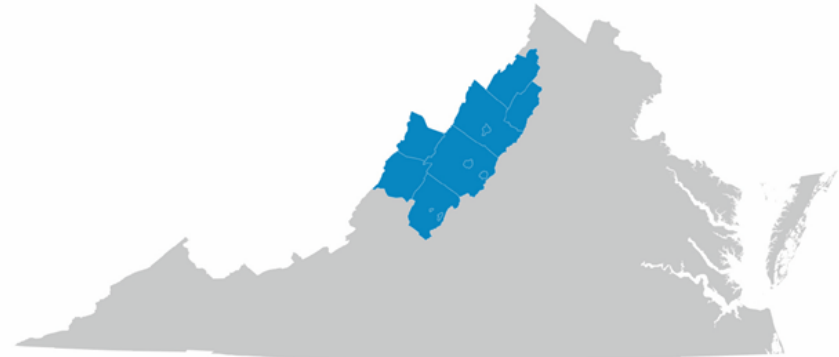
New Jobs | 100

Capital Investment | \$1B

Incentives | \$7.5M

“ Our strong partnerships with local and state elected officials, educational institutions, and organizations throughout the Elkton community help us sustain our commitment to the area’s economic growth. ”

Sanat Chattopadhyay
Merck & Co., Inc
May 6, 2019





The Volvo Group will expand its Volvo Trucks North America New River Valley (NRV) assembly operation in Pulaski County. Major components of the investment include a new 350,000-square-foot building that will house truck cab welding operations; an expansion of the existing plant to allow for further improvements to the facility's paint operations and overall material/production flow; and a variety of equipment upgrades.

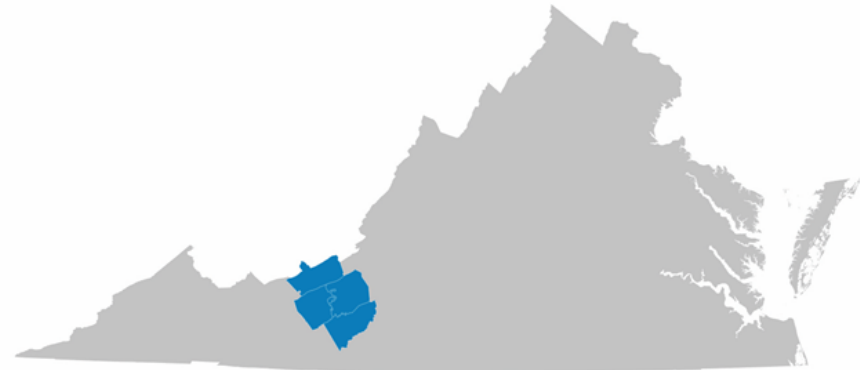
New Jobs | 777

Capital Investment | \$400M

Incentives | \$16.5M

“ This investment will give our employees the tools they need to continue providing our customers the highest quality products. Creating more value-added processes through these investments is good for our employees, our plant, and our region. ”

Franky Marchand
Volvo Trucks North America
June 28, 2019





Morgan Olson, LLC, North America's leading manufacturer of all-aluminum walk-in step vans, will establish a new walk-in step van assembly operation in a 925,000-square-foot plant in Danville-Pittsylvania County currently owned by IKEA. The company is the first to receive support from the new Virginia Talent Accelerator Program.

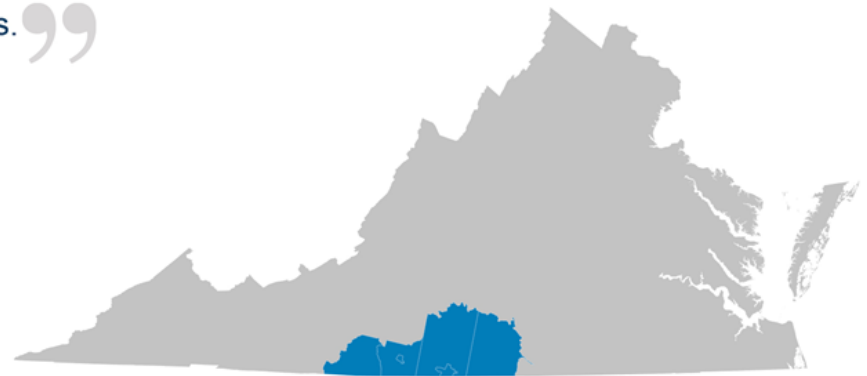
New Jobs | 703

Capital Investment | \$57.8M

Incentives | \$7M

“One of the most attractive aspects of locating in Danville-Pittsylvania County is that we will be able to take advantage of the new Virginia Talent Accelerator Program, which will help us quickly attract and train the high-quality workforce we need to deliver for our customers.”

Mike Ownbey
Morgan Olson
October 25, 2019



Q&A

Virginia State Capitol